

# Senate Study Bill 3234

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
TRANSPORTATION BILL BY  
CO=CHAIRPERSONS McCOY AND  
PUTNEY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing prelicensing and continuing education  
2 requirements for used motor vehicle dealers.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 5751SC 81  
5 dea/je/5

PAG LIN

1 1 Section 1. Section 322.4, Code 2005, is amended by adding  
1 2 the following new subsection:  
1 3 NEW SUBSECTION. 8A. If the applicant is applying for a  
1 4 used motor vehicle dealer license, certification that the  
1 5 applicant has met the educational requirements for licensure  
1 6 under section 322.7A. The certification may be transmitted to  
1 7 the department by the education provider in electronic format.  
1 8 Sec. 2. Section 322.7, subsection 4, Code 2005, is amended  
1 9 to read as follows:  
1 10 4. The motor vehicle dealer license provided for in this  
1 11 chapter shall be renewed upon application in the form and  
1 12 content prescribed by the department and upon payment of the  
1 13 required fee. A used motor vehicle dealer license shall not  
1 14 be renewed for an applicant who is subject to continuing  
1 15 education requirements until the licensee certifies completion  
1 16 of the educational requirements for license renewal under  
1 17 section 322.7A. The certification may be transmitted to the  
1 18 department by the education provider in electronic format. A  
1 19 licensee shall have the month of expiration and the month  
1 20 after the month of expiration to renew the license. A person  
1 21 who fails to renew a license by the end of this time period  
1 22 and desires to hold a license shall file a new license  
1 23 application and pay the required fee.  
1 24 Sec. 3. NEW SECTION. 322.7A USED MOTOR VEHICLE DEALER  
1 25 EDUCATION PROGRAM.  
1 26 1. An applicant for a license as a used motor vehicle  
1 27 dealer shall complete a minimum of eight hours of prelicensing  
1 28 education program courses pursuant to this section prior to  
1 29 submitting an application to the department.  
1 30 2. A person seeking renewal of a used motor vehicle dealer  
1 31 license shall complete a minimum of five hours of continuing  
1 32 education program courses over a two-year period pursuant to  
1 33 this section prior to submitting an application for license  
1 34 renewal. However, an applicant for renewal of a used motor  
1 35 vehicle dealer license who has met the prelicensing education  
2 1 requirement under subsection 1 within the preceding twelve  
2 2 months is exempt from the continuing education requirement for  
2 3 license renewal.  
2 4 3. To meet the requirements of this section, at least one  
2 5 individual who is associated with the used motor vehicle  
2 6 dealer as an owner, principal, corporate officer, director, or  
2 7 member or partner of a limited liability company or limited  
2 8 liability partnership shall complete the education program  
2 9 courses.  
2 10 4. The Iowa independent auto dealers association shall  
2 11 develop the prelicensing and continuing education course  
2 12 curricula for the used motor vehicle dealer education program,  
2 13 which shall include but not be limited to examination of  
2 14 federal and state laws applicable to the motor vehicle  
2 15 industry and federal, state, and local regulations pertaining

2 16 to used motor vehicle dealers. The education program courses  
2 17 shall be provided by an Iowa nonprofit motor vehicle  
2 18 association. Costs of the education program shall be borne by  
2 19 the course provider, who may charge an applicant a reasonable  
2 20 fee of not more than two hundred dollars for the prelicensing  
2 21 education course and not more than one hundred fifty dollars  
2 22 for the continuing education course.

2 23 5. The provisions of this section apply to all used motor  
2 24 vehicle dealers, including but not limited to individuals,  
2 25 corporations, and partnerships, except for the following:

2 26 a. Motor vehicle rental companies having a national  
2 27 franchise.  
2 28 b. National motor vehicle auction companies.  
2 29 c. Wholesale dealer-only auction companies.  
2 30 d. Used car dealerships owned by a franchise motor vehicle  
2 31 dealer.

2 32 e. Banks, credit unions, and savings and loan  
2 33 associations.

2 34 6. A provider of used motor vehicle dealer education  
2 35 program courses shall transmit a report on the program  
3 1 annually by December 31 to the chairpersons of the committees  
3 2 on transportation of the senate and house of representatives.

3 3 Sec. 4. USED MOTOR VEHICLE DEALER EDUCATION PROGRAM ==  
3 4 NOTICE. The state department of transportation shall provide  
3 5 reasonable notice to current used motor vehicle dealer  
3 6 licensees of the need to meet continuing education  
3 7 requirements as a condition for future license renewal.

#### 3 8 EXPLANATION

3 9 This bill establishes prelicensing education and continuing  
3 10 education requirements for used motor vehicle dealers. An  
3 11 applicant for licensure as a used motor vehicle dealer is  
3 12 required to complete at least eight hours of prelicensing  
3 13 education prior to licensure, and an applicant for renewal of  
3 14 a license is required to complete at least five hours of  
3 15 continuing education over a two-year period as a condition for  
3 16 license renewal. The bill specifies those persons associated  
3 17 with a dealer in an official capacity who can fulfill the  
3 18 education requirements on behalf of the dealer. The education  
3 19 requirements do not apply to nationally franchised rental  
3 20 companies; national motor vehicle and wholesale dealer-only  
3 21 auction companies; used car dealerships owned by a franchise  
3 22 motor vehicle dealer; and banks, credit unions, and savings  
3 23 and loan associations.

3 24 The bill requires the Iowa independent automobile dealers  
3 25 association to develop course curricula for the education  
3 26 program, and specifies that a provider of the program courses  
3 27 shall be an Iowa nonprofit motor vehicle association. Costs  
3 28 of the education program are the responsibility of the course  
3 29 provider, and may be recouped by fees of up to \$200 for  
3 30 prelicensing courses and \$150 for continuing education  
3 31 courses. An education course provider is required to report  
3 32 annually to the chairpersons of the transportation committees  
3 33 of the senate and house of representatives.

3 34 The state department of transportation is directed to  
3 35 provide timely notice of the new requirements to current  
4 1 licensees.

4 2 LSB 5751SC 81  
4 3 dea:nh/je/5